The University of Chicago

ROUND TABLE

The Roving Reporter Discusses

IS AMERICA'S ECONOMIC FRONTIER CLOSED?

with

WILLARD CHEVALIER · PAUL H. DOUGLAS

316th BROADCAST IN COOPERATION WITH THE NATIONAL BROADCASTING COMPANY • 104

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ROUND TABLE

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NOTE

The supplementary information contained in the footnotes to the following text, developed by staff research, is not to be considered as representing the opinions of the ROUND TABLE *speakers. Following the transcript of the broadcast are questions which readers may wish to use for analysis and discussion. It is hoped that teachers and discussion leaders may find this additional service of the* ROUND TABLE *transcript helpful in their study of the subject discussed in the broadcast.*

Pamphlet Shelves

IS AMERICA'S ECONOMIC FRONTIER CLOSED?*

A UNIVERSITY OF CHICAGO ROUND TABLE BROADCAST

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WILLARD CHEVALIER, Publisher, *Business Week*

PAUL H. DOUGLAS, Professor of Economics
University of Chicago

and

THE ROVING REPORTER

* A radio discussion broadcast from the University of Chicago over the Red Network of the National Broadcasting Company, Sunday, March 10, 1940, at 1:30 P.M., Central Standard Time.

The ROUND TABLE, oldest educational program continuously on the air, is broadcast entirely without a script. Subjects are chosen because of their social, political, or economic significance. The program has no "ax to grind." In the selection of speakers, the effort is to provide a balanced discussion by participants who have special competence and knowledge. The opinion of each speaker is his own and in no way involves the responsibility of either the University of Chicago or the National Broadcasting Company.

IS AMERICA'S ECONOMIC FRONTIER CLOSED?

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Today the question of economic maturity has become a topic of discussion wherever the state of the nation is discussed. Those who believe that business has been hog-tied say that business needs only freedom to enable it to expand and progress. "Defeatism" is the new term applied to the attitude of those who disagree with this contention.

On the other hand are those who believe that "America's industrial plant has been built." Some say that the American economy is contracting.

To answer the question: "Is America's Economic Frontier Closed?" the University of Chicago ROUND TABLE *assigned its Roving Reporter to the task of interviewing Americans—statesmen, businessmen, relief workers, authors, contractors, employees, and educators—to gather their questions and opinions on this topic.*

Familiar with the problems of the people interviewed, the Roving Reporter faced the ROUND TABLE *microphone with Willard Chevalier, a publisher with more than eighteen years' business experience, and Paul H. Douglas, economist and politician.*

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MR. REPORTER: Gentlemen, I have been roving around trying to find out if the country is going to the dogs. I talked to a lot of people: to President Kettering of the General Motors Research Corporation; to Charlotte Carr, the head of Hull-House; to Secretary of Agriculture Wallace; to John Steinbeck, who wrote *Grapes of Wrath;* and to a lot more such people. And I have talked to people like you and me: to milkmen, barbers, businessmen, farmers, engi-

neers, sales girls, and to relief clients. I have said: "Do you think there is any opportunity left? Do you think your kids will be better off than you are?" I got some strange answers.

MR. DOUGLAS: What did you find out in your inquiry?

MR. REPORTER: I found out that people don't use terms like "economic frontiers." They want to know about opportunity; whether the country is going to go on expanding; whether we are all through, or what.

Now, Chevalier, you have been in the business world for a long time, how about starting us off? Do you think there is any opportunity?

MR. CHEVALIER: First of all, I'd like to get you straight on my idea of frontiers, which is really a thirty-dollar word. Frontiers mean boundaries, and when we talk about "economic frontiers" we mean "economic boundaries." Are there boundaries that are going to encompass our people and prevent them from having a higher standard of living and enjoy greater opportunities? That is what "economic frontiers" mean to me.

MR. DOUGLAS: In other words, people want to know whether they are going to get jobs, whether they are going to get on a payroll, and whether industry will turn out more food, more clothing, and more shelter.

MR. REPORTER: There's more to it than that. There's something psychological about it. I asked a barber what he thought about the future. He said: "Heck, there ain't no future!" And a lot of people I talked to talked the same way. It's pretty deep, I think, especially among young people.

MR. CHEVALIER: Of course, there's nothing new about that. Back in 1844 Henry Ellsworth, who was our Commissioner of Patents at that time, sounded off to the effect "that the advance-

ment of the arts seems to presage a period when human improvements must end." And then in 1886 Carroll W. Wright, who was the Commissioner of Labor, sounded off to the effect that there might be a little room for further improvement in this country, but it just seemed as though we had about got to the top.

It seems to me that a great deal of this feeling seems to originate with government officials.

MR. DOUGLAS: Not at all on that point, if I may say so. The plain facts of the matter are that for ten years we have had an average of ten to twelve million people unemployed and now have eight or nine million people unemployed; that we are producing fewer goods than we did in 1929, and the population has grown. Young people are finding difficulty in breaking into jobs and people are wondering whether the onward march of America will stop.[1]

MR. REPORTER: I talked to Director Floyd Reeves of the American Youth Commission in Washington, gentlemen, who told me that it seemed to him that in the past we had always subsidized our young people in this country. We had given them lands. We had given them as much land as there is west of the Mississippi. That came out of what he called the capital of the country. Now,

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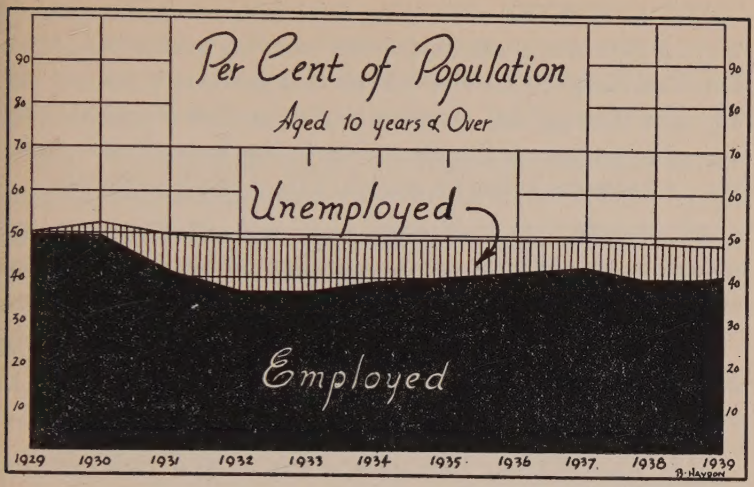
[1] *Unemployment in 1938 was estimated at 9,665,000 by the National Industrial Conference Board and at 10,935,000 by the American Federation of Labor. These same organizations estimated employment (for 1938) at 43,600,000 and 41,945,000, respectively. The most recent estimates for employment (made in the fall of 1939) show that only one or one and one-half million less persons were employed in the fall of 1939 than in the fall of 1929, the large increase in the number of jobless being accounted for by the increase in the total population. The Census Bureau estimated there were 130,215,000 persons in the United States on July 1, 1938, as compared with 122,775,000 at the time of the 1930 census, an increase in slightly over eight years of 7,440,000. See illustration on opposite page.*



says Director Reeves, we have to subsidize our young people out of the income of the country.[2]

MR. CHEVALIER: That's a rather strange conception. In the first place, I am not sure that all of the land that was opened up by the government in the old days went to young people. I think there were a great many others that got some of it. Furthermore, we must remember that that land represented the common wealth which the nation wanted developed for the welfare of all. Today, when we talk about subsidizing one group or another we always think of taking something away from one group of our people in order to give it to another group.

MR. DOUGLAS: Mr. Reporter, what you have said thus far seems to indicate that people are afraid that they won't get jobs, or afraid that their incomes won't increase.

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[2] *For a more complete discussion of the youth problem in America, see the* ROUND TABLE *broadcast of July 23, 1939, "Out of School—Out of Jobs." Mr. Reeves was one of the participants on that program.*

MR. REPORTER: What they think is that if they can get jobs they are darn glad to get and hold the jobs they have gotten. Charlotte Carr out at Hull-House told me that she doesn't find any kids any more thinking they are going to grow up to be President of the United States, or even President of the United States Steel Corporation. All they are asking for is a job. I think that's pretty black.

MR. DOUGLAS: Do they give any reasons why they think they possibly won't find jobs? Do they give any reasons why they think the onward march of America will stop?

MR. CHEVALIER: As a matter of fact, they simply recognize a fact. I imagine that very few of these people that you talked to ever have thought very deeply as to what the cause may be.

MR. REPORTER: They think only in terms of their own personal problem—and I suppose we can't blame them.

MR. CHEVALIER: Not at all.

MR. REPORTER: You men have got to tell me—and I guess you've got to tell *them*—what the causes are behind these troubles of theirs: why, after ten years, they don't have work; and why they are looking forward to the future pessimistically.

MR. DOUGLAS: I don't believe for a minute that America is finished, but I think we ought to consider some of the reasons which are advanced by people who think that progress has stopped.

MR. CHEVALIER: Of course, one way of approaching that is to look back and see how jobs have been made for the last fifty years. We must remember that the greatest period in American history for technical development was from 1900 to 1930, and employment in this country increased by more than twenty million during that time.

MR. DOUGLAS: But the doubters today advance a number of arguments. First, they say the population used to grow one and a half per cent a year, or one and a quarter per cent a year. Now it is

growing only half a per cent a year. They say that means fewer homes, fewer baby carriages, fewer industries to take care of an expanding population, and that this will slow up the rate of growth. I don't happen to believe in that argument, but it is advanced.

MR. CHEVALIER: Aren't we oversimplifying when we put our prosperity and opportunity on the basis of the number of people there are, or the number of people that are born? After all, if that were the basis, China and India would be the most prosperous places in the world.[3] It isn't the number of people that we have, but it's the standard of living that the people are able to enjoy.

MR. REPORTER: Just a minute, gentlemen! I don't hear anything out in the street about our population growth having declined. What people tell me is that there is no more free land; there is no geographical frontier any more. You know John Steinbeck—who wrote *Grapes of Wrath*, which tells about people who have lost their land—lost their soil. They have been dispossessed and go out in these old jalopies to California trying to get a living. Steinbeck says: "You can't go West, young man, any more."

MR. DOUGLAS: And that all of the free land has been taken up and there are no places to earn a living.

MR. CHEVALIER: In other words, what we mean is that we have passed from a period where the greatest amount of our wealth is coming from our natural resources into one where we have to create our new wealth by the application of science and technology.

MR. DOUGLAS: I think there is still another point, Chevalier. That is, people say that formerly we could start out as a small shopkeeper, a small businessman, and get ahead. Now we have chain stores and big business and it is hard for us to start independently,

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[3] *The population of China in 1936, before the Japanese invasion, was officially estimated to be 422,708,000; that of India was 352,838,000 at the last census (1931).*

and if we do start it is hard for us to get credit from the banks. Therefore, we can look forward to a lifetime as an employee rather than as a self-employed small producer.

MR. CHEVALIER: As a matter of fact, though, isn't that impression due chiefly to the conditions through which we have been passing for the last ten years? You and I recognize that there hasn't been the same opportunity to do that. That is a fact. What we are trying to find out is what caused it, and how can we remedy it?

MR. REPORTER: Gentlemen, I talked to Secretary of Agriculture Wallace who says that there just isn't any visible frontier any more. We've got to find the new frontiers in our imagination: new inventions; new methods. I suppose that's what you mean by that fancy word "technology," gentlemen.

MR. CHEVALIER: That's what I mean exactly. I mean to say that we have to take our natural resources and find out how to make a lot of new things out of them. Then we have to use that same science to enable us to produce more of those things for a given expenditure of effort.

MR. REPORTER: What are some of these things we are going to get? I talked to Charles F. Kettering of General Motors, who is one of our great inventors. Mr. Kettering said: "If I tried to predict what we are going to have in the way of inventions in the future, I'd be as much of a fool as a man who would have tried to talk about radio in 1900."

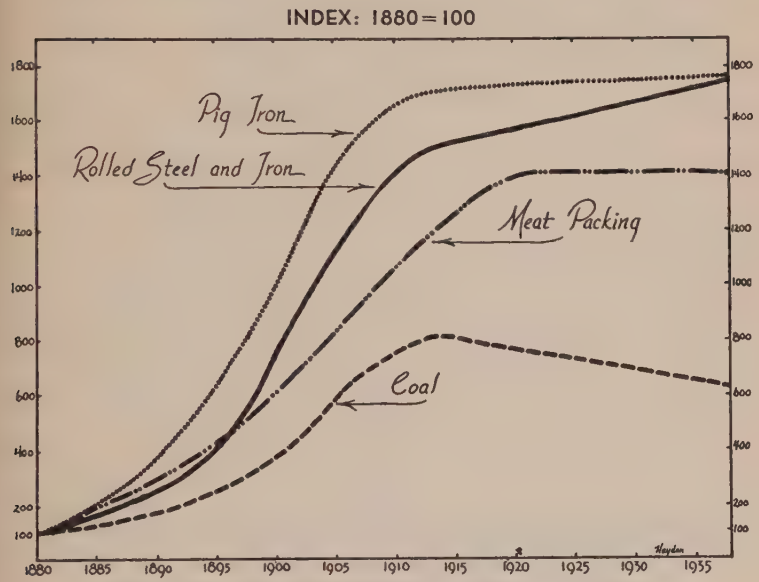
MR. CHEVALIER: Let me answer that two ways. First, let me give you a couple of figures. Since 1870 fourteen *new* industries have been developed in this country.

MR. REPORTER: What kind of industries?

MR. CHEVALIER: Well, for example, the automobile, radio, vacuum cleaner, aircraft, electric refrigerator, typewriter, and adding machine industries.

PRODUCTION TRENDS IN SELECTED OLDER INDUSTRIES

IN THE PITTSBURGH DISTRICT, 1880–1938



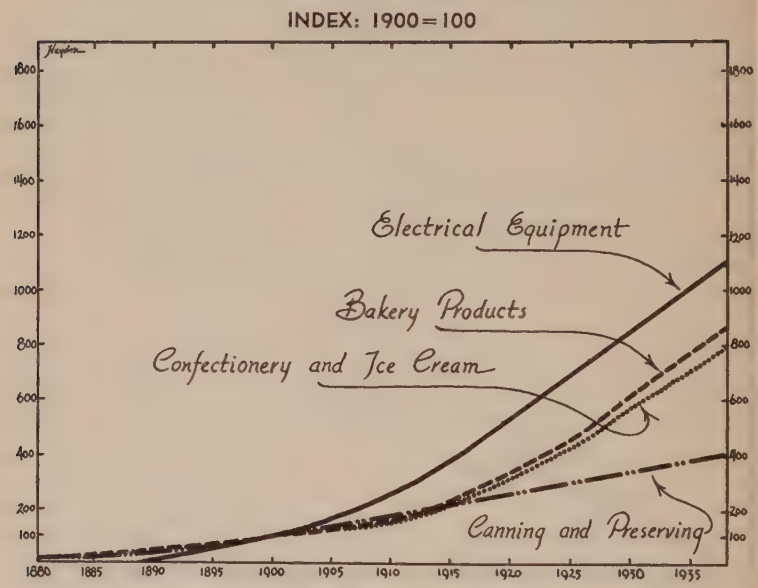
SOURCE: BUREAU OF BUSINESS RESEARCH, UNIVERSITY OF PITTSBURGH

MR. REPORTER: I don't believe people can see, now that we have these things, what industries can develop in the future.

MR. CHEVALIER: Just a second! Let me point out that those fourteen industries alone have made 1,300,000 jobs today that wouldn't have existed without them. Another point: the other day in St. Louis I was talking to the president of one of our largest chemical manufacturing companies and he made this interesting statement: that thirty-nine per cent of their domestic sales last year consisted of products whose commercial manufacture began since 1929. That's just the period we are talking about, and yet here's a great

PRODUCTION TRENDS IN SELECTED NEWER INDUSTRIES

IN THE PITTSBURGH DISTRICT, 1880–1938



SOURCE: BUREAU OF BUSINESS RESEARCH, UNIVERSITY OF PITTSBURGH

company today that is selling thirty-nine per cent of its products that were invented since '29.

MR. DOUGLAS: In addition to your faith, do you see specific industries which in the near future might be opened up by invention?

MR. CHEVALIER: Yes, but I would have to qualify that. It would be very foolish for me to sit here and try and tell you what the industries of the next fifty years are going to be.

MR. DOUGLAS: The next three or four, say.

MR. CHEVALIER: Well, in 1900 I was a school boy of fourteen. There were eight thousand automobiles in this country. They were a curiosity. If anyone had told me then that within my lifetime one out of every seven people in this country that worked would find a job connected with that automobile I would have thought he was crazy.[4]

Now, then, just to give you an idea, though, of some of the more immediate ones: take new housing, air conditioning, fiber glass, nylon, Vue-Pak, and cellophane.

MR. REPORTER: All of that is very nice, but when I talk to people on relief they can't see that far ahead. They want to know if they can possibly get a job, or if they can't get a job whether we can go on taking care of them, and whether unemployment is ever going to be absorbed—sponged up—in this country.

Douglas, you are an alderman besides being an economist: you've run into a lot of these people both ways, what are we going to do about the unemployment? Aside from the fact that we've got to feed the people, how are we going to get them work in a hurry, before they've lost all the fight that's in them?

MR. DOUGLAS: I've walked over a good part of Chicago, and we have about thirty square miles that can be called blighted. I've gone down streets on which there wasn't a tree or blade of grass, and into houses where you have five or six people to a room and perhaps twenty people to a house of five rooms. It seems to me that if we could give the people of the United States decent housing, we'd have work enough to put three or four million people back to work for ten years.

MR. REPORTER: All right, gentlemen, how do we do it?

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[4] *Automobile production in the United States in 1938 amounted to approximately 2,000,000 passenger cars and 530,000 trucks and busses. Total value of the vehicles was $1,582,000,000. In 1905 total production was valued at only $40,000,000.*

That's what those people want to know. Where do we start? When do we start?

MR. CHEVALIER: Of course, there are two ways of approaching the problem that Douglas has set forth. We can either do it, as he says, by *giving* them housing, or we can do it by stimulating the normal processes that lead to the investment of capital in private enterprise and put them to work to provide the facilities that are needed.

MR. DOUGLAS: You mean developing houses that are built in the factory and just set up on the . . . .

MR. CHEVALIER: That is very definitely in the scene as a possibility for a new industry in this country.

MR. REPORTER: I don't understand exactly what the situation is that creates this jam. With all the young people that I've run into who are fighting to create some wealth, and all the old wealth hidden away in the banks, I want to know—and the people I talked to want to know—how do you break the jam?

MR. DOUGLAS: My own view of that whole thing is this: that industry has been jacking up prices above the competitive level. Prices are up on stilts, so to speak, and the incomes of people are down. Therefore, you either have to build up the incomes of the people to the point where they can absorb the products of industry or you have to lower the prices of industry to the point where they can be bought by people whose incomes are as they are.

MR. CHEVALIER: Of course, normally that process is going on all the time, isn't it? Normally, business is constantly cheapening the cost of products and reducing the prices and more and more people are able to buy.

MR. REPORTER: If it were doing that, why wouldn't we be able to buy all these things?

MR. DOUGLAS: I would say that industry reduces the costs, and if it were competitive it would reduce the prices; but, when they

have price agreements with each other, they reduce the cost but won't reduce the prices. The result is that they don't get any increased, or sufficiently increased, demand.

MR. CHEVALIER: Don't you think that this matter of price agreements is very much exaggerated for the purpose of making a point? Don't you think in most of the industries that produce the things that our people want and need today that there is enough of a competitive element to keep a check on that process?

MR. DOUGLAS: No, I don't, because I served for a year with the NRA and every industry in the country—from iron and steel and copper at the top down even to the powder puff and hog ring industries—poured into Washington. What did they want? Did they want to compete? No, they wanted to be protected against competition.[5]

MR. CHEVALIER: That's true, but what I remember about the NRA situation was that at that time there was very little business. The problem of the businessman was to survive, and it would have been very easy at that time for a few large companies of great resources to have cut prices to a point where they could have put everybody else out of business. Do you think that would have been a good thing to do at that particular time?

MR. REPORTER: How could they cut prices to the point where they would put all the little fellows out of business? Would not they go out of business themselves?

MR. CHEVALIER: No. Having their great resources, they could carry on in red ink much longer than the little fellows could.

MR. REPORTER: You mean they could have lost money until

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[5] *After serving as adviser for the Labor Board of the NRA, Professor Douglas was appointed to the Consumers' Advisory Board of the NRA as Director of Consumers' Councils and Director of the Bureau of Economic Information.*

they had driven the little fellows out of business and then raised prices?

MR. CHEVALIER: That was quite possible, and a great deal of the effort you speak of, Douglas, was to prevent exactly that situation coming in, and that would have left us worse off than before.

MR. DOUGLAS: I think that argument is a front, so to speak, for the real purpose. That is the public relations stuff that is talked —not by you, but by American industry. It's not merely the NRA. In almost every large city in the country today you will find the material men and the sub-contractors in the building industry have price agreements so that no one will offer to build or furnish materials for less than a given sum. You will find many of the unions in it, too. They won't furnish labor to a person who reduces prices.

MR. CHEVALIER: But when that sort of thing is carried on as an abuse, isn't that subject to correction under our laws? Don't we have statutes and laws that govern that situation?[6]

MR. REPORTER: You mean the anti-trust laws?

MR. CHEVALIER: For example, yes.

MR. REPORTER: Do the anti-trust laws get enforced?

MR. CHEVALIER: I think you have only to read the newspapers to realize that they do.

MR. REPORTER: You sound like a New Dealer.

MR. CHEVALIER: I hope not!

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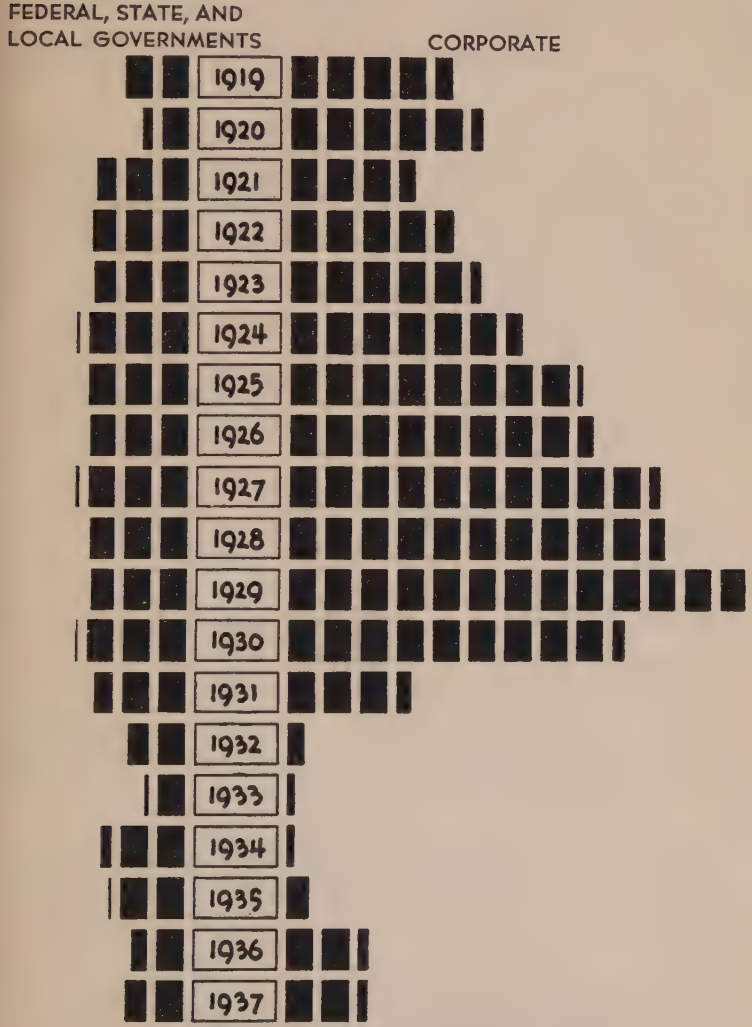
[6] *The anti-trust laws are the Sherman Act (1890) and the Clayton Act (1914); their general effect is to prohibit combinations "in restraint of trade." In the early years of the present century actions were taken to break up monopolies operating "in restraint of trade" in petroleum, meat-packing, and distilling, and recently new monopoly indictments have been undertaken by Mr. Thurman Arnold of the Department of Justice.*

PUBLIC AND PRIVATE INVESTMENT

NEW SECURITY ISSUES, 1919–37



SOURCE: "THE STRUCTURE OF THE AMERICAN ECONOMY," PART I, JUNE, 1939, NATIONAL RESOURCES COMMITTEE.

MR. DOUGLAS: Well see, there you are! You get a great many people to say we want competition and free enterprise. Then when the Administration draws off and proceeds to try to enforce competition, the critics say that the New Deal is persecuting business, when all it is trying to do in reality is force businesses to compete with each other.

MR. CHEVALIER: I think that's a rather broad statement. I think the fact is more nearly this: that businessmen have no objection whatever to the establishment of statutes to conduct business, as you say it should be conducted, on a competitive basis. That is the basis of our system, isn't it?

MR. DOUGLAS: It should be!

MR. CHEVALIER: But what they want is regulation by government under law—not the control of business management by men given arbitrary powers, on committees and commissions, to stick their fingers into the actual operation of business.

MR. DOUGLAS: Whenever you have a law you have to have people to administer it. Laws do not work while you sleep; they are administered by men.

MR. CHEVALIER: But there are two kinds of laws. There are laws that define crimes, that define abuses, and that prescribe exactly what can be done and what can't be done and what the punishment shall be for violation. Then there are other laws that usurp that function and set up agencies given arbitrary power to do as the men who compose them will.

MR. REPORTER: Douglas, let's you and him fight!

MR. DOUGLAS: Well, I'm not primarily interested in a political discussion.

MR. CHEVALIER: Neither am I.

MR. DOUGLAS: What I am concerned about is whether American business will recapture the competitive spirit which it once had;

whether it will be bold and daring, anxious to put new inventions into effect, ready to reduce prices, or whether it has fallen back and become flabby and wants to protect itself against innovation.

MR. REPORTER: Poke him, Chevalier!

MR. CHEVALIER: Douglas, I wonder if you couldn't go along with me on the statement of a few of the essentials that are necessary to bring that out. First, we do need a spirit of enterprise that will have the adventuresome spirit to go ahead. One of the difficulties is that we have *talked* so much about the door of opportunity being closed, we have *talked* so much about these problems and the hopelessness of the situation, that we are losing some of that adventuresome spirit.

MR. DOUGLAS: Get your businessmen all filled up with the spirit of competition then.

MR. CHEVALIER: Fine!

MR. REPORTER: Who has been talking about these doors of opportunity being closed?

MR. CHEVALIER: I thought it was the folks you were talking to out on the street, Mr. Reporter.

MR. REPORTER: Yes, but they get their picture from the newspapers, they say. I talked to a salesman in a grocery store who said that all he knew was what he read in the newspapers—as Will Rogers used to say.

MR. CHEVALIER: Now, Douglas, that's the first point. The second is that we do have to have a consistent development of new materials to meet expanding needs. And also we must have a greater efficiency in producing them so they can be made cheaper so more people can buy them.

MR. DOUGLAS: And we need more capital too, and more machinery, and more equipment to work with technology.

MR. REPORTER: We hear all this stuff about "more and more." Isn't all this capital in the banks?

MR. DOUGLAS: The power to create capital is in the banks, but capital consists of machinery and factories—not merely paper money.

MR. CHEVALIER: And there must be the spirit of enterprise to put it to work, of which we have spoken. A third consideration I would put down is that we do have to continue to produce more efficiently at lower cost.

MR. DOUGLAS: That's right, but in addition to all that, when we produce at lower costs we must reduce the prices so that people can buy the things we turn out.

MR. CHEVALIER: I will go along with that.

MR. DOUGLAS: You will be a New Dealer yourself some day.

MR. CHEVALIER: I hope not!

MR. REPORTER: Who *is* the New Dealer here?

MR. CHEVALIER: Let Douglas claim that.

MR. REPORTER: I think Chevalier is going to be the New Dealer in a minute. When you are talking about needing machinery and so on, on behalf of the common people, I talked to—including me—I should like to find out why we can't break that jam. Here we need the machinery; we need the food. People are walking by shoe stores looking in the windows, and they have bare feet and the shoe man has his shoes in the window and can't sell them.

MR. CHEVALIER: I'll tell you, Mr. Reporter, if you will let me answer with a parable. As I looked out of my office window in New York before I left, I saw two great ships tied up at the pier: the "Normandie" and "Queen Mary." When I go back I am going to see another one: the "Queen Elizabeth." Those three ships represent an investment of millions of dollars that want to go to work. They give

employment to thousands of men and women that want to go to work, and they are not working tied up there. Why? Because of fear; because of a lack of confidence; because of the fear of loss. In other words, there is a war on and enterprise has been stopped so far as they are concerned.[7]

I see somewhat the same picture in this country. Business—the ship of American business and industry—has, to a very large degree, been tied up to the dock because there has been a war on. There has been a war directed against business by government.

MR. REPORTER: A lot of the people I talked to seemed disappointed in the fact that the New Deal hasn't done an awful lot for them, but they all seemed to feel that the American ship of business started sinking about October, 1929.

MR. CHEVALIER: Quite right, and I don't believe we have the time available here to go into a discussion of all of the reasons for that. I will give credit to all concerned, including the present Administration, for the efforts that were made during the first few months to man the pumps and to keep that ship afloat.

MR. DOUGLAS: You mean until about April of 1933—they were all right for a month?

MR. CHEVALIER: *Through* 1933 I should say. But then what happened? Then we fell into the grip of a lot of experimenters who don't believe, in my judgment, in the American system, and who are very anxious to make America over.

MR. Reporter: Get after him, Douglas!

MR. DOUGLAS: I certainly believe in the American system, and I believe that 99.44 per cent of the American people believe in

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[7] *The "Normandie" and "Queen Mary" have been in New York since shortly after the outbreak of the European War last September; the "Queen Elizabeth," which has been under construction in Glasgow, arrived in New York March 8, 1940.*

the American system, including one hundred per cent of the supporters of the New Deal.

MR. CHEVALIER: I wish that were true.

MR. REPORTER: Now boys! Now boys!

MR. DOUGLAS: I tell you the people who are violating the American system are the people who are trying to get away from competition and jacking up prices. In jacking up prices, they choke off production, and in choking off production they choke off employment and leave these eight million people on the streets. Then they throw bricks at the good Samaritan who comes along and tries to take care of the eight million people who are left flat on their backs.

MR. REPORTER: Now I'm beginning to figure out who is the New Dealer.

MR. CHEVALIER: That paints a very romantic picture, but I fear it is more romantic than truthful, Douglas.

MR. DOUGLAS: You know, this analogy of yours—and it was really a beautiful analogy between these three ocean steamships in the dock in New York which don't dare go out because of what Hitler may do to them—seemed to be a very subtle Republican remark that if you could only get a rock-ribbed conservative in the White House then American business would go. It is my own view that the problems are far deeper than that.

MR. CHEVALIER: I am afraid that I am not prepared to discuss politics here today. I have a feeling that some of your friends, Mr. Reporter, are far less interested in politics than they are in turning loose the ship of industry and getting it busy, and I don't think it makes a great deal of difference who constitutes the crew. The thing is to get it loose and on the job.

MR. DOUGLAS: I agree thoroughly.

MR. REPORTER: Yes, but they tie up their own problems with politics. And, by the way, I think it's a good thing that in this

country we do, and that we still have the opportunity to do so. Incidentally, most of the people—even those who have the blackest of outlooks—are pretty well satisfied with their political liberties in this country. They want to hold on to them, and they can't think in terms of economics. Take the old Italian I ran into in the slums of Chicago who said: "I thought the democracy was good when I come over here forty years ago. My young boy, he got no job, he never get job. Now my boy he tell me that in Italy everybody has job.

MR. DOUGLAS: He may tell you that, but it isn't true, because I was in Italy in 1935 and my wife and I left the country because there were so many hungry kids around and so many unemployed men.

MR. CHEVALIER: I would like to put him up against my barber. He told me not long ago that he sent his old clothes over to his people in Italy; that they were middle-class people and they were very happy to get his old clothes.

MR. REPORTER: What worries some of the experts I have talked to—take a man like the Security Administrator, Mr. McNutt,[8] whom I talked to the other day about this—is that these young people, unless something can be done for them and done for them pretty fast, are going to fall for propaganda like that.

MR. DOUGLAS: If you give them jobs so that they can earn a living and get married, then all that fear will go away. So I think it is up to business to reduce its prices and get people back to work.

MR. CHEVALIER: And, of course, it isn't as simple as simply reducing prices and getting people back to work. We have to bring the investor's dollar out of hiding. We have to stimulate management to take the long-term risks that are involved. We have to do

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[8] *Paul V. McNutt, former Governor of Indiana and Governor-General of the Philippines, was appointed Administrator of the new Federal Security Agency when it was established last year.*

all of those things that we have done for a hundred years to stimulate the initiative of our people.

MR. DOUGLAS: That's right.

MR. REPORTER: Gentlemen, I don't think we are going to get all the answers to these questions in a hurry. If we did, I suppose we'd be gods instead of men. I don't think we are going to bring the New Deal and the Republicans together in the next minute, but it does seem to me you agree—with your opposing economic viewpoints—that there is a future in this country.

MR. DOUGLAS: Very much!

MR. CHEVALIER: Very definitely so! Unlimited.

MR. REPORTER: Well, that reminds me that I asked Carl Sandburg—the author of the great Lincoln biography[9]—yesterday afternoon whether he thought that March, 1940, had as black an outlook as the March of 1864. He said that it was an infinitely better one. As a matter of fact, he thought the country spiritually was better off than it had been in his lifetime.

I talked to old Senator Norris in Washington, who said that he lived by faith; that we went upward slowly, and that he thought we would keep going upward, despite the fact that we had some awful reversals.

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[9] *"The Prairie Years" (published in 1931), and the more recent "The War Years," published in 1939.*

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DAVIS, S. C., "Business Faces the Forties," *Current History*, January, 1940. *A survey of business opportunities in the new decade.*

DEWEY, THOMAS E., "Defeatism Must Go," *Vital Speeches*, December 15, 1939. *Argues that the New Deal represents a confession of failure, a lack of confidence in the "American system," and that the present administration must be ousted before real economic development can be expected.*

HANSEN, ALVIN, *Full Recovery or Stagnation?* New York: Norton, 1938.

HARD, WILLIAM, "America Unlimited," *Reader's Digest*, September, 1939. *Briefly presents the argument that America still has vast unexplored possibilities; that our economic system is in no sense "stagnant"; that we may be on the threshold of a period of new economic expansion.*

KING, WILLFORD I., "Are We Suffering from Economic Maturity?" *The Journal of Political Economy*, October, 1939. *A general discussion of the topic from a technical point of view; followed by comments in the February, 1940, issue of this magazine by Gerhard Colm.*

LANGE, OSCAR, "Is the American Economy Contracting?" *American Economic Review*, September, 1939. *States that industrial efficiency has declined so much during 1929–37 that real income could have been raised from 19 to 24 per cent save for the wastage from unemployment, and that this wastage is due to lack of investment. The blame for this lack of investment should not be laid on government.*

OGBURN, WILLIAM F., *Machines and Tomorrow's World.* Public Affairs Pamphlet No. 25, 1938.

ROBEY, RALPH W., "Business Tides," *Newsweek*, August 7, 1939. *Outlines the idea that America's "economic frontier" is closed and that, therefore, the government must more and more take the place of a collapsing free enterprise system; argues against this thesis and for the idea that capitalism still has tremendous expansive capacities.*

"The U.S. Frontier," *Fortune*, February, 1940. *A general, comprehensive article on the theory of the American frontier and how it has developed in the past and may develop in the future.*

* * *

QUESTIONS FOR ANALYSIS AND DISCUSSION

The following questions of wider scope, intended for discussion, are suggested by the broadcast, and answers may be found in the literature on the subject listed in the section "Suggested Readings," found on page 23.

*

1. Discuss the effects of a constantly increasing population on business expansion. What, then, has been the effect of the trend in population growth during the last fifty years?

2. Discuss the factors which affect the present possibilities of getting work, keeping a job, or improving one's present employment?

3. Discuss the effects of technology on employment.

4. Would economic opportunity be expanded by increased government controls of production and prices? Discuss.

5. Would complete removal of business controls result in increased employment and business expansion? Discuss.

6. Consider the effects of maintaining high prices while reducing the costs of production. How does this affect the consumer?

OBJECTIVE QUESTIONS FOR EXAMINATION

The answers to the following questions may be found in the text of the broadcast, and page references are provided to assist in locating the answers.

*

1. What change has marked America's method of assisting youth during the last century? Pages 3–4.

2. What period in American history is marked by rapid technological development? How has this development affected employment? Page 6.

3. At what rate was America's population growing a generation ago? What is the present rate? Pages 6–7.

4. Employment in the United States has been substantially expanded by new industries developed since 1870. Fourteen of these industries have accounted for an estimated increase of how many jobs? Name three new industries. Pages 8–9.

5. How many men would be employed for how many years to provide adequate housing for America? Page 11.

6. What laws are designed to guarantee freedom of competition in business? Page 14.

7. To what does Mr. Chevalier attribute lack of confidence on the part of businessmen? Page 16.

8. Professor Douglas attributes business difficulties to what policies business itself has practiced? Page 20.

9. How do "prices on stilts" affect production, employment, and the ability of individuals to buy? Page 20.

The Listeners' Round Table . . . .

Letters to the ROUND TABLE *frequently contain sidelights on the subject matter discussed on the air. These comments are from letters received following recent broadcasts.*

*

European Mentality

Very seldom, in our country, do we hear words of wisdom spoken by persons who know how to think. Your discussion on wishful thinking concerning the war provided your listeners with one of these rare pleasures.

Of course wishful thinking itself, in the case discussed, is a product of biased and incorrect information wilfully injected into the minds of a public which has never learned how to think. It seems as if we had all been taught to read and write for the specific purpose of creating a convenient receptacle for the tons of trash that are printed.

Over here, some of our most prolific commentators base their arguments on the erroneous belief that the mentality of the European nations is the same as ours, that they like what we like, and want what we want; therefore, they quite sincerely announce that a revolt in Germany is inevitable. They fail to understand that the Germans love Hitler, want Hitler; that a German will serve his country willingly, even to the extent of self-destruction; that he will not only die for the Fatherland but will face a long life of privation for his country; that he considers democracy an evil and wasteful form of government; that he loves regimentation; that he cherishes his plane, his U-boat, as he would a human being.

The French (maybe the ideal democracy) do not brook any interference in their private life, hate regimentation, but, being a very logical people, know that power, during an emergency or war, must be centralized in order to be effective.

The French will fight like lions to defend their country, as they will fight to defend their homes, their property, but, once outside their boundaries, they will have to hire colonial troops, for all the French desire is just to keep unmolested the gem they have owned to this day.

Nobody here understands the Russians, and that not only because they have been represented in our country by an alien group, but because they are in a way our complete antipodes. Everything they value most is valueless to us, and vice versa. To them our high standard of living seems a ghastly nightmare, an existence devoid of thought, devoid of beauty, devoid of sentiment; a wild chase for tangibles to be exchanged for other tangibles which are later relentlessly sucked in by some monster who leaves two-thirds of us empty handed.

The gentleman who said he saw Russian industry and claims it didn't amount to much is correct. A Russian is incapable of punching buttons; he prefers to watch sunsets. The gentleman who said that the Russians are first-class aviators is correct too, for a Russian can endow his plane with a soul, make it part of himself, and when that is achieved he will be supreme in his flight, for he has great courage and does not fear death as the westerners do.

The English, for it is they and the Scotch who rule the British Empire, are unemotional, lawabiding, dull and wise. With all Hitler's loud talk about the superiority of the German race, Hitler believes more in the brotherhood of men than do the English. Even their God is a purely British God, just as remote and devoid of imagination as is an English lord. In their relations among themselves the English are the most ethical people on the face of earth. But there it stops. They have often been bitterly accused of hypocrisy, of being ruthless and treacherous—but is a farmer, for instance, a hypocrite because he does not kick his cattle around, but treats them with gentle care, and then one day leads them to be slaughtered?

To the English the rest of the world is an ant-hill.

If the landlord has noticed a threat of termites, he will instruct his gardener to take good care that the ants be not disturbed. But when the termites have been destroyed by the ants, he will have petrol poured over the ant-hill, and it will be destroyed. These are just the actions of a good and efficient landlord.

The rest of humanity may object to this very English point of view, but to understand that it exists is to hold a key to the actions of British statesmen.

And it is only when we will have understood the different mentality of different European nations that we will be able to judge what they are capable of.

What I am is of course of no interest to anyone, but when someone is invited to look at things through a microscope, elementary honesty demands that the natural defects of the glass be called to attention, so that all possible distortion may be taken into consideration: I am a loyal American citizen who believes that one owes allegiance to one country only, the one whose citizenship one claims. But one cannot take love out of one's heart if it is there, and I love Russia and the people of Russia. I have German blood and I am proud of it. To the Russian saying: "Put your faith in God," the German grandmothers have wisely added: "but yourself do not fail." Educated by an English woman, I am incapable of losing the deep respect I have for England and her people. I love France because France is beautiful. I would suffer deeply if any harm came to France and that is why I repeat: the sooner peace comes the better.

Those who try to convince our people that we should take an active part in the European war, that the defeat of the Allies would have terrible repercussions on the fate of our nation, have to make quite preposterous statements to prove their point. We are not threatened in the least and, apart from

likes and dislikes, the winning of one side or the other will make no difference to us, whereas the continuation of the war will inevitably disrupt the business life of our nation.

W. W. L., Washington, D.C.

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Youth

These men of the New Deal are funny to me and also the people that believe in their way of doing and helping. Seems to me as though this F. D. R. bunch can always find the wrongs of the country and employment and what should be done, but they never suggest a cure for the unemployment of us young boys that are being turned out of school day after day.

W. H., Colorado

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All Classes

I agree with Professor Ise that it is only fair that all classes of society in this democratic country should assume their responsibility toward balancing the budget, continuing with a practical farm program, and taking care of our needy unemployed. There are many policies in the New Deal that I would like to see continued; after all, the laboring man and the farmer are important in the scheme of things. These groups must be considered as well as the businessmen of this country.

A. D., Michigan

Euthanasia

If we are to look to the Republicans for solving the problem of unemployment, who advocate direct relief or the dole, then we may infer that ten millions who are now idle will remain idle for the remainder of their natural lives.

If we get from the Democrats no more than we have got the last seven years for a permanent solution to unemployment, then . . . . we may infer by the actions of both major political parties that the only way the unemployment and relief problem can be solved is by euthanasia and birth control.

W. A. G., Michigan

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Prices

It always has seemed laughable to me to see district attorneys and village cops running around and prosecuting venders and operators of slot machines, punch boards, bingo, etc., when all the while we were letting the gamblers in the food markets interfere ignorantly, greedily, and dangerously with the ultimate price of foodstuffs to the consumers. Limit all such transactions to the cash markets and see how quickly the purchasing power of the little man increases.

Another thing which either Mr. Roosevelt or a new president must do if the American Republic is to be saved. He must reduce the federal government to its constitutional essentials.

J. P. G., Illinois

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77. *War Comes.* September 3
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After the War Ends

MUST THE WORLD UNITE?

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MARCH 17, 1940

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EUGENE STALEY, Professor of Economic Relations, Fletcher School of Law and Diplomacy

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